



**BOARD OF EDUCATION
SAN DIEGO UNIFIED SCHOOL DISTRICT**

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AUDIT AND FINANCE COMMITTEE

Education Center conference Room 2249

May 26, 2006

MINUTES

Members Present: McAllister, Jackson, Nakamura, Stein, Wright
 Staff Present: Betancourt, Buckley, Leighton, Maracle-Sweeney, Niehaus, Patterson,
 Phillipott
 Guests: Jodie Smith

1. Meeting Called to Order	Chairman McAllister called the meeting to order at 2:34 p.m.
2. Status Report on 2005-2006 Audit (Patterson/Leighton)	Leighton stated the 2005-06 audit was on schedule. He said the attendance problem from last year at ALBA has not been resolved and the auditors will return to try to complete the audit in October.
3. Update on Management Responses to External Audit Findings (Buckley)	General Counsel, Ted Buckley gave an overview of the proposed Antifraud Program and the Code of Ethics and training program for district employees. Jodi Smith prepared a draft Ethics Code which was shared with the committee. All employees will be asked to read and adhere to the Ethics Code. There will be resources available to provide a training program for all employees. Wright stated the language needs to be concise and condensed. Smith will also develop a formal anonymous mechanism for reporting concerns about fraud. This document would serve as the benchmark baseline document. Jackson suggested that resources be allocated to establish a fraud hotline with an outside vendor taking the calls who would then notify the district. The caller would remain anonymous as this is an area of concern for any employee "blowing the whistle" on any potential fraud issue. Stein relayed her company has all employees complete a code of conduct and conflict of interest annually. Nakamura stated a

	<p>concern about false accusations being made and the potential harm that could stem from that. Wright said it should be made clear that there is no retaliation against those who report fraud. Patterson explained that we are on the cutting edge and others will want to follow suit. McAllister asked if the timeline for implementation could coincide with the new school year and Buckley said yes. Employees would sign the form after they receive their training.</p>
<p>4. Report on Internal Audit Findings: Superintendent's Fund/San Diego Education Fund (Niehaus)</p>	<p>Buckley, Leighton and Niehaus gave an update on this confidential issue and the direction the Board has given staff to proceed.</p>
<p>5. Proposed Policy Statement: District External Audit Services (Patterson)</p>	<p>Wright/Nakamura moved and seconded a motion to adopt a policy statement regarding rotation of external auditor and putting the contract out to bid every four years. This committee's recommendation will be submitted to the Board of Education for approval.</p>
<p>6. 2006/07 District External Audit Engagement (Patterson)</p>	<p>Patterson proposed to keep consistent to this policy to award the next fiscal year to Vicenti, Lloyd, and Stutzman, LLP. Jackson/Wright moved and seconded, vote was unanimous.</p>
<p>7. Roundtable</p>	<p>Scott Patterson announced he is leaving the district to take a position at Grossmont Union High School District. This will be his last meeting and many committee members expressed that he will be missed greatly. Susan Maracle-Sweeney is moving to Hawaii to pursue a graduate program at the University of Hawaii. McAllister complimented both for their professionalism, time, and always ready to serve when asked and, thanked Scott for all the support he has given this committee over the years. Nakamura asked that the teacher's \$400 for classroom supplies be increased.</p> <p>Meeting adjourned at 3:57 p.m.</p>

Respectfully,
 Jan Mohney